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JULY 20, 1991
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RB
RESTAURANT BUSINESS

DISTRIBUTORS AND OPERATORS: FRIENDS OR FOES? 106

MENU IDEAS: LITE MENUS 207

MARKET SEGMENT: STEAK 159

Growth Chains 117

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BUSINESS BAROMETER

Retail Employment Changes

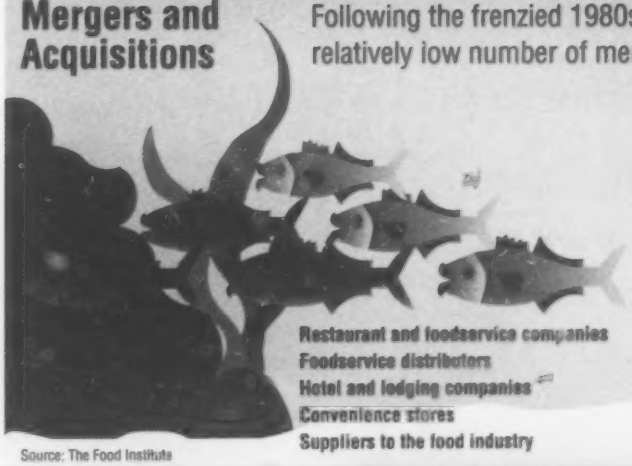
% Change, Feb. 1990-91	No. of Employees	Average Weekly Hours
Eating and drinking places	+0.7%	-1.6%
Food stores	+1.1	-1.0
Apparel	-7.4	-1.1
General merchandise	-4.7	+0.8
Total retail	-1.2	-1.1

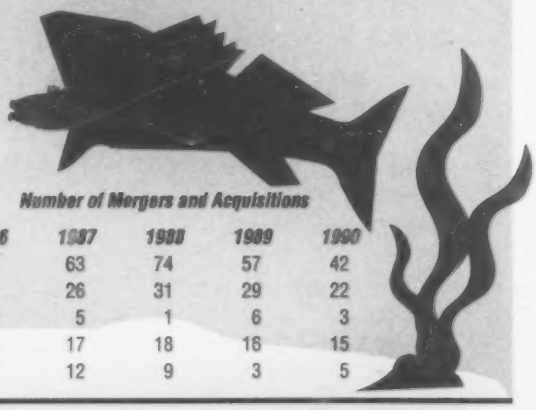
The number of nonsupervisory workers at eating and drinking places grew in 1991, but the average number of hours they worked per week declined 1.6%, from 24.8 to 24.4 hours. Still, other retail sectors fared worse.

Source: Bureau of Labor Statistics; National Restaurant Association

Mergers and Acquisitions

Following the frenzied 1980s, the first year of the new decade recorded a relatively low number of mergers and acquisitions in food-related industries.





Number of Mergers and Acquisitions

	1986	1987	1988	1989	1990
Restaurant and foodservice companies	72	63	74	57	42
Foodservice distributors	31	26	31	29	22
Hotel and lodging companies	10	5	1	6	3
Convenience stores	21	17	18	16	15
Suppliers to the food industry	14	12	9	3	5

Source: The Food Institute

Hotel Trends

The national occupancy average dropped 0.7% to 65% by year-end 1990, while room rates increased 3.8% to an average of $72.83. Different regions of the country had their own ups and downs.

South Atlantic	67.1	-2.3	68.26	72.30	+5.9
South Central	61.7	60.4	+2.8	57.80	60.81	+5.2
Mountain and Pacific	65.5	65	-0.7	70.19	72.83	+3.8

Charts by Peter K. Niceberg

RB CONTENTS

JULY 20, 1991 VOL. 90, NO. 11

COVER STORY: An exclusive report on the Top 50 fastest-growing chains. The chains are ranked by percent change in sales and by percent change in units. Page 117.

COVER STORY

SPECIAL REPORT TOP 50 GROWTH CHAINS. Once again *RB* offers its exclusive report on the 50 fastest-growing chains. This year the criteria changed slightly: All chains with 1990 system sales in excess of $35 million are now eligible for inclusion. The result is a ranking of the 50 fastest-growing chains in America today. The number-one slot is held by Chevys Mexican Restaurants with 1990 sales growth of nearly 69%.....**117**

FEATURES

INDUSTRY EVENT NRA SHOW WRAPUP. A look at some of the new and noteworthy food and equipment on display at the 72nd NRA Show in Chicago **82**

HOTEL FOODSERVICE SCULLERS. How do you turn a relatively unknown hotel restaurant into a local institution in less than two years? The Guest Quarters Suite Hotel, Boston, has an answer. It launched a new menu in its Scullers Grille and created a new entertainment format for its Scullers lounge: a jazz cabaret featuring top-name performers **92**

INDEPENDENT STAR CHIANTI. At Ristorante Chianti, Italian dishes enjoy a California twist, and patrons from Geneva, IL, and its environs enjoy it, too. Open since 1986, the 200-seat establishment's food and service accounted for $1.7 million in sales in 1990 .....**98**

SPECIAL REPORT OPERATOR/DISTRIBUTOR RELATIONSHIP. All too often, the operator/distributor relationship has been adversarial. But many companies on both sides now identify bottom-line pressures and competition as the enemies, not one another. Consequently, they are working together for a win. **106**

Cover design by Beth Meyers

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MARKET SEGMENT REPORT STEAK. It is difficult to talk about trends in the steak-house segment because the label now covers such a wide variety of operations. They range from the classic upscale steakhouse to family restaurants that have evolved so far from their original concepts that the term steakhouse hardly applies. Each category faces a different set of opportunities and challenges.....159

FOOD AND BEVERAGE

DRAFTS, CARAFES & SPIRITS TROPICAL COOLERS. Customers can escape from the workaday world for a few moments with a pastel or neon-blue fantasy of fruit juices spiked with spirits 201

MENU IDEAS LITE. From fast-food to fine-dining establishments, the alternative menu—whether it's called light or heart-healthy—is gaining ground 207

PRO'S PANTRY BERRIES. From the conical salmonberry to the mulberry, berries come in all shapes and sizes.....215

CHEF'S ART JIMMY SNEED. At his restaurant Windows on Urbanna Creek, chef Sneed serves quail stuffed with crabmeat, sausage, and shiitake mushrooms.....216

PIECE MEAL SUSHI. Like the burrito and the ubiquitous sandwich, sushi offers infinite variety. Rolled, or *maki*, sushi is easy to prepare.....219

COLUMNS AND DEPARTMENTS

BUSINESS BAROMETER 2

RESTAURANT OPENINGS 8

INSIGHTS. Industry News 16

MENU PLANNERS GUIDE 52

SANITATION 72

COMPUTER LINK. Online Purchasing 74

TIPS 76

CALENDAR 78

EQUIPMENT I.Q. Food Bars and Display Cases 184

BUYER'S CIRCLE. Noteworthy Equipment 188

BAR MANAGEMENT GUIDE 204

CLASSIFIED ADVERTISEMENTS 224

LATE LINE. Last-minute Newsbreaks 228

INDEX 230

READER COMMENT CARD 231

IN THE NEXT ISSUE

COVER STORY GRADING FOODSERVICE EDUCATION. This in-depth report will serve as a users' guide to hospitality education. It will cover the history and growth of schools in this country and discuss the various types. Some current issues are the need for professionalism, the shortage of teachers, and the fight for accreditation. Industry experts and educators offer their opinions on everything from recruiting to continuing ed.; a list of all types of degrees will also be included.

MARKET SEGMENT REPORT CHICKEN. The battle for share of the chicken market is being fought on the menu boards as new products designed to capitalize on the popularity of chicken and its reputation as a healthy alternative to meat are taking center stage. Meanwhile, the price wars that have affected the Mexican and hamburger segments appear ready to break out among chicken chains as well.

TEST KITCHEN/MENU IDEAS PORK. No longer an afterthought on the American table, it's a full-fledged center-of-the-plate star.

TEST KITCHEN:
Lite, p. 207.

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RB
COVER STORY

CONTENTS

Overview 118
Top 50 chart 119
Chevys profile 124
Top 50 profiles 128

Once again *RB* offers its exclusive report on the 50 fastest-growing chains. This year the criteria changed slightly: Previous issues excluded chains with system sales in excess of $300 million; this measurement is no longer being used. All chains with 1990 system sales in excess of $35 million are now eligible for inclusion.

The result is a ranking of the 50 fastest-growing chains in America today. The group is a diverse one: The number-one slot is held by Chevys Mexican Restaurants with 1990 sales growth of nearly 69% to K&W Cafeterias, with sales growth of over 13.5%.

Applebee's Neighborhood Grill & Bar, last year's fastest-growing company, saw impressive growth with a nearly 55% increase in system sales. The increase placed Applebee's in the number-two position this year. Rally's, 1989's top growth chain, enjoyed yet another year of sales growth in excess of 50%, placing number three in this year's ranking.

The Top 50 Growth Chains have a combined nominal sales of 21%—an impressive performance given that the entire Separate Eating Place industry managed just a 5.1% increase in sales.

Similarly, in total, the Top 50 had unit growth of 14.4%, compared to only 2.0% for the industry as a whole. Together, the Top 50 have U.S. sales in excess of $18.26 billion, representing 11.7% of total industry sales. This same group of 50 represented only 10.1% of the industry in 1989. In terms of units, the Top 50 operate and franchise 28,071 stores, or just over 72% of total industry units.

THE VARIETY OF CHAINS REPRESENTED IN THE TOP 50 OFFERS PROOF OF THE FRAGMENTATION AND DIVERSITY OF THE INDUSTRY AS A WHOLE.

A wide variety of menu concepts is represented in the Top 50—everything from quick-service hamburger (Sonic Drive-Ins), to steak (Longhorn). Nineteen of the 50 can be considered "specialty" restaurants—operations that feature a menu specialty such as Mexican, seafood, or Italian food. This offers further proof of the fragmentation and diversity of the industry as a whole.

Finally, the change in criteria created a large range of Top 50 chains in terms of overall size. For example, the list ranges from Pizza Hut, number 38, with system sales of $3.8 billion to Cinnabons World Famous Cinnamon Rolls, number 35, with sales of $44 million. Yet the Top 50 remains dominated by midsize and smaller chains. Only nine chains have system sales in excess of $300 million; these include Pizza Hut, Hardee's/Roy Rogers, Taco Bell, Little Caesars, Subway, Shoney's, The Olive Garden, Sonic and Chili's.

Given the relative size of these chains, their inclusion on a ranking by percentage increase in sales (as opposed to absolute dollar growth) is most impressive. They represent the kind of performance that the rest of the Top 50 and the industry as a whole, can aspire to.

Sales Rank	Chain	U.S. SYSTEM SALES ($000) 1990	1989	% Sales Change 1989-90	Avg. Unit Vol. ($000) 1990	U.S. System Units 1990	1989	%Unit Change 1989-90	Unit Rank
1	CHEVYS MEXICAN RESTAURANTS	51,033	30,213	68.9%	2,569	24	16	50.0%	3
2	APPLEBEE'S NEIGHBORHOOD GRILL & BAR	228,200**	147,700**	54.5%	1,682	160	113	41.6%	7
3	RALLY'S	203,043	132,619	53.1%	900*	297	192	54.7%	2
4	SOUPLANTATION/SWEET TOMATOES	41,000	27,000	51.9%	1,950	25	17	47.1%	4
5	I CAN'T BELIEVE IT'S YOGURT	65,990	44,850	47.1%	210	388	271	43.2%	5
6	THE OLIVE GARDEN	551,985	387,000	42.6%	2,743	228	170	34.1%	10
7	PIZZERIA UNO RESTAURANT & BAR	120,244	86,714	38.7%	1,650	86	63	36.5%	8
8	SUBWAY SANDWICHES	1,100,000	800,000	37.5%	260	4,777	3,937	21.3%	17
9	RUBY TUESDAY	226,100*	166,000	36.2%	1,700	133	98	35.7%	9
10	CRACKER BARREL OLD COUNTRY STORE	257,951	190,186	35.6%	2,920	97	79	22.8%	13
11	MOUNTAIN MIKE'S PIZZA	46,000**	34,000	35.3%	540**	71	60	18.3%	20
12	LEVY RESTAURANTS	80,000**	60,000**	33.3%	2,400**	33	30	10.0%	34
13	MAID-RITE SANDWICH SHOPS	48,000**	36,500**	31.5%	288**	150**	123**	22.0%	16
14	O'CHARLEY'S	53,075	41,707	27.3%	1,930	31	25	24.0%	12
15	SBARRO	250,000	196,600	27.2%	587	426	356	19.7%	18
16	OLD COUNTRY BUFFET	145, 236	115,376	25.9%	1,943	94	77	22.1%	15
17	ARK RESTAURANTS	47,984	38,355	25.1%	2,280*	21	20	5.0%	44
18	HOOTERS	75,000	60,000	25.0%	1,800	50	32	56.3%	1
19	CALIFORNIA PIZZA KITCHEN	35,000	28,000	25.0%	3,100*	16	12	33.3%	11
20	SPAGHETTI WAREHOUSE	40,000	32,000	25.0%	2,700	16	14	14.3%	27
21	DAMON'S	64,700	52,000	24.4%	1,700	40	34	17.6%	22
22	TS RESTAURANTS	38,450	31,000**	24.0%	3,204	12	12	0.0%	50
23	LITTLE CAESARS	1,400,000	1,130,000	23.9%	490*	3,173	2,700	17.5%	23
24	CHILI'S	440,383	357,004	23.4%	2,180	223	192	16.1%	25
25	SOUP EXCHANGE	56,730*	46,060	23.2%	1,830*	34	29	17.2%	24
26	L&N SEAFOOD	63,800*	52,800	20.8%	2,200	34	24	41.7%	6
27	TACO BELL	2,400,000	2,000,000	20.0%	771	3,227	3,082	4.7%	46
28	IN-N-OUT BURGER	39,300*	33,000*	19.1%	655*	64	56	14.3%	29
29	SHARI'S RESTAURANTS	50,000	42,000	19.0%	1,425*	45	43	4.7%	47
30	HUDDLE HOUSE	65,000	54,700	18.8%	375	195	173	12.7%	31
31	AU BON PAIN	70,179	59,136	18.7%	915	86	73	17.8%	21
32	T.J. CINNAMONS	59,000*	50,000	18.0%	255*	231	206	12.1%	32
33	RED ROBIN	146,000	124,000	17.7%	2,200	68	57	19.3%	19
34	BLACK-EYED PEA/DIXIE HOUSE	124,400	106,000	17.4%	1,570*	79	74	6.8%	41
35	CINNABONS	44,000	37,500	17.3%	305	145	127	14.2%	30
36	SONIC DRIVE-INS	454,579	390,195	16.5%	446	1,043	996	4.7%	45
37	HARDEE'S/ROY ROGERS	3,360,000*	2,900,000*	15.9%	940	4,022	3,291	22.2%	14
38	PIZZA HUT	3,800,000	3,300,000	15.2%	607	6,688	6,243	7.1%	39
39	THE OLD SPAGHETTI FACTORY	46,000	40,000	15.0%	1,769	26	24	8.3%	35
40	LONGHORN STEAKS	46,000	40,000	15.0%	1,900	24	21	14.3%	28
41	SHONEY'S	991,279	862,398	14.9%	1,422	734	680	7.9%	37
42	LETTUCE ENTERTAIN YOU ENTERPRISES	100,000**	87,000*	14.9%	3,570*	28	26	7.7%	38
43	BAKERS SQUARE	248,961	216,781	14.8%	1,464	170	159	6.9%	40
44	HOUSTON'S	93,000	81,000	14.8%	4,428	22	19	15.8%	26
45	RED ONION RESTAURANTS	57,000	50,000**	14.0%	3,700*	16	15	6.7%	42
46	PIETRO'S PIZZA	47,800*	42,000	13.8%	600*	80	79	1.3%	49
47	D'ANGELO'S	67,500*	59,400*	13.6%	450*	150	135	11.1%	33
48	TRANS/PACIFIC RESTAURANTS	92,600*	81,500*	13.6%	1,780*	52	48	8.3%	36
49	TACOTIME	67,000	59,000	13.6%	316	213	201	6.0%	43
50	K&W CAFETERIAS	62,400	55,000	13.5%	2,600	24	23	4.3%	48

*TECHNOMIC ESTIMATE; **COMPANY ESTIMATE

CHEVYS' FRESH SPIN ON MEXICAN FOOD HAS INCREASED ITS SALES 69%, FROM $30 MILLION TO $51 MILLION, AND GREW IN UNITS FROM 16 TO 24.

1 Chevys Mexican Restaurants

San Francisco, CA
Ownership: Privately held

RANK BY UNITS: 3
1990 Systemwide Sales: $51,033,000
1990 Systemwide Units: 24

New CEO Mike Hislop, formerly of El Torito, plans to expand the privately held full-service chain beyond its Northern California strongholds into other major markets. First step will be a push into Southern California, funded by a new private financing arrangement. Projections call for 34 units open at year end. The "fresh Mex" foodies from Frisco fashion virtually all food items from scratch in the restaurants.

"Fresh Mex" is more than a slogan, it's an obsession for San Francisco-based Chevys Mexican Restaurants, tops in the *RB* Top 50 Growth Chains survey this year. As the "Fresh Mex Pledge" on its menu declares, the chain mixes fresh salsa hourly and refuses to serve a tortilla older than three minutes. It makes all of its food on the premises, not in a commissary, and never uses leftovers. It promises not to use frozen beef, fish, or chicken. No food product in its kitchen is canned or bottled, save for olive oil. Its ultra-thin tortilla chips are served warm from the fryer, cooked in healthy canola oil. Its signature margaritas are mixed with fresh lime juice. If any dish is not hot enough or fresh enough, it urges the customer to send it back.

The concern with freshness even permeates Chevys' advertising philosophy. Its much talked about "Fresh TV" campaign in Northern California markets features commercial spots that are videotaped daily and broadcast within hours, shown one day only.

Chevys' fresh spin on Mexican food has increased its systemwide sales 69%, from $30 million to $51 million between 1989 and 1990. During the same period, it grew in units from 16 to 24. With its Northern California markets filling up, it is on the verge of expanding to Southern California and beyond.

"We're completely different from other restaurants in our market, in fact, in all of California," claims Warren "Scooter" Simmons Jr., who founded the chain in 1986 with Warren Simmons Sr. He was interviewed in a rare moment of repose in the midst of an opening blitz—four new Chevys within two weeks.

The Simmonses are co-chairmen of privately owned Chevys Inc. They have a background in real estate development and restaurants in the San Francisco Bay Area. Their credits include the Tia Maria Mexican chain in the Bay Area, which was sold and renamed several years ago, and Pier 39 in San Francisco, a mixed-use development.

For this foray into the Mexican segment, they decided to depart from the large "hacienda-style" restaurant that is a takeoff on ornate Mexican colonial design. "That concept is 20 or 30 years old," says Scooter Simmons.

In contrast to the haciendas, Chevys sports a distinctive "border cantina" style that is comfortably run-down. It has a concrete floor and a stucco ceiling. Stacked beer crates are room dividers. Rounding out the informal ambience is a zinc-topped bar, neon cactus, and beer posters. Waitresses wear frilly Mexican dresses and black athletic shoes.

FLEXIBLE. The border cantina costs less to build and outfit than a hacienda restaurant, although Chevys' exact won't says exactly how much less. It is flexible enough to fit into a strip mall, which a big hacienda cannot, and into varied building conversions, such as a drug store.

"What we save by not using carpeting and tile we put back into the food," says Mike Hislop, Chevys chief executive officer. The other important statement that Chevys makes is on the plate. Mexican food has often been regarded as merely cheap and filling. But Chevys takes a high-quality, scratch-made approach. The company says that the concept appeals to a more discriminating clientele—mostly white collar workers, aged 25 to 49, typically raising a family. "Initially, these people feel comfortable bringing their children into this atmosphere, but it is the food that brings them back," says Hislop.

Familiar Mexican dishes are given a fresh twist at Chevys. Spicy pork tamales ($6.95) are hand-rolled. Soft tacos ($6.95) are made with fresh-baked flour tortillas. Its signature beef and chicken fajitas al carbon ($10.85), which account for more than 50% of total orders, are cut from fresh skirt steak and cooked on a mesquite grill.

Salsa and side dishes are upgraded, too. Its salsa is made fresh each hour from charred tomatoes, onions, and jalapeños. Its beans a la charra—pintos cooked with bacon, onions, tomatoes, and peppers—are a lighter alternative than lard-laden refried beans. Flour tortillas are served hot from *El*

Machino, a boxy Rube Goldberg-style contraption of conveyor belts and pulleys that bakes up to 900 tortillas per hour. It provides a dash of theater in each Chevys dining room.

In addition, the mesquite broiler features items that go beyond the Mexican restaurant norm, such as broiled fresh quail ($10.85) and *camarones diablo*, which are jumbo shrimp served sizzling in a seasoned butter ($13.85). There's a fresh fish of the day, such as salmon, sea bass, or swordfish. Specials occasionally offer pork or vegetable fajitas, lobster, or even frog legs.

Platillos Combinados, combination plates, are popular, such as the Cancun, consisting of chicken fajitas and jumbo shrimp ($13.95). The *Plato Gordo* is a super-sized combination of fajitas, quail, and shrimp, flour tortillas, guacamole, rice, and beans, which serves three or four people for $41.95.

PHOTOGRAPHY BY TOM MOLIN

Chevys' Plato Gordo includes homemade flour tortillas, spicy shrimp, quail, rice and beans a la charra, fajitas, Mexican butter, and pico de gallo.

Food like this is not cheap to produce. Chevys' food cost is 33% compared to the mid-20% range for many Mexican restaurants. It stands to reason that labor cost is higher, too, given all the fresh prep—mashing avocados daily for guacamole and peeling roasted poblano peppers for chiles rellenos. Each restaurant has a butcher to cut meat and fish.

However, labor cost is "in line or just a little higher" than competing concepts, says CEO Hislop. He points out that the Chevys menu comprises only 40 to 50 items, about half the size of many others. A large percentage of items are combination platters of core menu items. "We concentrate on doing as good a job as possible with fewer items," he says.

HIGH VOLUME. An average unit volume of about $2.6 million makes the proposition work. The highest-grossing unit does about $4 million. Chevys is not inexpensive as Mexican restaurants go. The average check is $11 with liquor.

Chevys' daily "Fresh TV" commercials raise store sales 10% to 20% when they appear, reports vice president of marketing Laura Brezner. Focusing on local places and people in a folksy way, the campaign has won extensive press and broadcast coverage as well as grass-roots support. "People come into the stores reciting the ads verbatim," says Brezner.

From l.: Scooter Simmons, co-chairman; Kjeld Sorensen, v.p. of food and beverage; Larry Nally, CFO; Mike Hislop, CEO; Fred Parkin, president; and Laura Brezner, v.p. of marketing.

By design, the 30-second Chevys spots lack the slick production values and artful food styling typical of major chain creatives. Instead, they have a shaky hand-held amateur home video look. "It really fits our down-to-earth, neighborhood restaurant image," says Brezner. In one spot, the screen is blacked out because the bumbling camera crew forgot to remove the lens cap. "We're better at making fresh food than commercials," says the voice over. In another, the camera crew interviews cows about the quality of Chevys fresh foodstuffs. The commercials are interspersed with quick cuts of Chevys employees making tortillas and salsa and customers reveling in the dining room, accompanied by mariachi music and narrative about freshness. Shots of a newspaper dateline establish that it is the fresh commercial of the day.

Previously, cost constraints had forced the chain to limit its advertising to radio, billboard, and taxi cab signs. But thanks to the relatively low cost of video (the campaign cost $2 million), the company can afford to run "Fresh TV" commercials periodically throughout the year.

Fresh TV perhaps presages a time when the chain will be large enough to make TV advertising a matter of course. With aggressive growth in mind, Chevys hired Mike Hislop earlier this year as CEO. Hislop was formerly executive vice president of operations of El Torito, a Mexican dinner-house chain that has more than 174 units. He brings major chain management experience, complementing the systems and training groundwork developed by president Fred Parkin, a veteran of Victoria Station. Private financing has been arranged for expansion. Initially, the elder Mr. Simmons' personal wealth bankrolled the chain.

Chevys projects a total of 34 restaurants open by the end of the year. "We'll stay close to home at first," says Hislop. "But after Southern California, we'll prove to everyone that this concept has legs." Adds Scooter Simmons, "Whatever market we enter, we will be a major player." *continued on page 128*

THE TOP 50 CHAINS HAVE A COMBINED NOMINAL SALES GROWTH OF 21%—AN IMPRESSIVE PERFORMANCE GIVEN THAT THE ENTIRE INDUSTRY MANAGED JUST A 5.1% INCREASE. IN UNIT GROWTH, THE TOP 50 INCREASED 14.4%, COMPARED TO THE INDUSTRY'S 2.0%.

GROWTH CHAINS GROW FASTER

The Top 50 grew four times as fast as the restaurant industry.

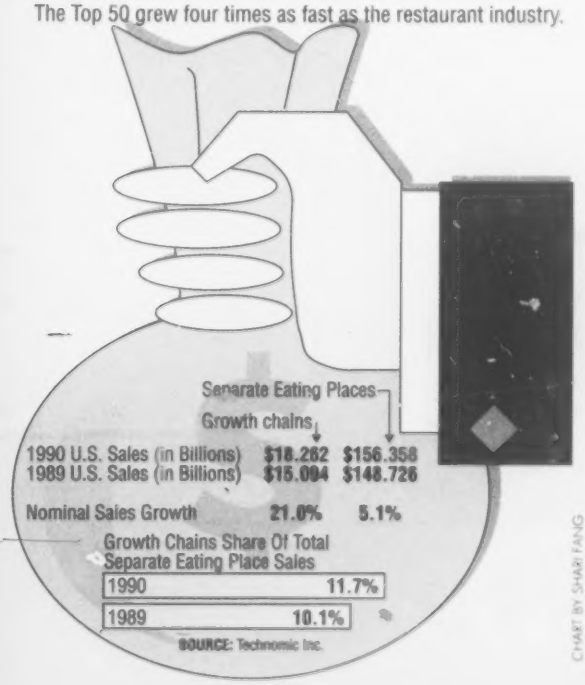

Separate Eating Places
Growth chains
1990 U.S. Sales (in Billions) $18.282 $156.358
1989 U.S. Sales (in Billions) $15.094 $148.726
Nominal Sales Growth 21.0% 5.1%
Growth Chains Share Of Total Separate Eating Place Sales
1990 11.7%
1989 10.1%
SOURCE: Technomic Inc.

CHART BY SHARI FANG

2 Applebee's Neighborhood Grill & Bar

Kansas City, MO
Ownership: Applebee's International Inc. (Public-APPB/NASDAQ)

RANK BY UNITS: 7
1990 U.S. Systemwide Sales: $228,200,000
1990 U.S. Systemwide Units: 160

Industry veterans Ken Hill (exec. v.p./COO), Robert A. Martin, and John Weber have joined this chain of value-oriented casual table-service restaurants to help further nationwide growth. Plans include developing new markets, then selling stores and area rights to franchisees, as was recently done in St. Louis. Washington and Oregon are new markets; 13 units have already opened in '91, for a current total of 173 in 29 states.

3 Rally's Restaurants

Louisville, KY
Ownership: Rally's Inc. (Public—RLLY/NASDAQ)

RANK BY UNITS: 2
1990 U.S. Systemwide Sales: $203,043,000
1990 U.S. Systemwide Units: 297

Under the new management of Chairman/CEO Burt Sugarman and President/COO Wayne Allbritton, who came on board in January '91, this double-drive-thru hamburger chain is already seeing major changes. The menu, which was extensive for a drive-thru concept, has been pared down considerably; BLTs, hot dogs, and chili are gone. Rally's acquired Maxie's and Snapp's and will convert them; more acquisitions are a goal.

4 Souplantation/ Sweet Tomatoes

Del Mar, CA
Ownership: Brook & Mack Inc. (Privately held)

RANK BY UNITS: 4
1990 U.S. Systemwide Sales: $41,000,000
1990 U.S. Systemwide Units: 25

After adding 10 soup/salad/muffin/dessert buffet restaurants a year for three years, Souplantation (which is called Sweet Tomatoes outside the Southern California market) has slowed down considerably. Only four new units are planned for 1991. New president and CEO John R. Bifone will guide the chain in swallowing its quick success, then lead it to new sites around the nation.

continued on page 132

5 I Can't Believe It's Yogurt!

Dallas, TX
Ownership: Brice Foods Inc.
(Privately held)

RANK BY UNITS: 5
1990 U.S. Systemwide Sales: $65,990,000
1990 U.S. Systemwide Units: 388

Execs of this frozen yogurt chain doubled the 1990 marketing budget to $3.5 million, then upped it another $1.5 million this year. Efforts have included ads in *USA TODAY* and direct mail to 34 million households. New products include Yoglace, an "ultra low-calorie" product, and Yobabies, aimed at kids. Expansion includes contracts for franchises in 18 countries, and openings in nontraditional locations such as kiosks.

6 The Olive Garden

Orlando, FL
Ownership: General Mills Inc.
(Public—GIS/NYSE)

RANK BY UNITS: 10
1990 U.S. Systemwide Sales: $551,985,000
1990 U.S. Systemwide Units: 228

Staff happiness as a route to customer satisfaction is the goal of two new programs at this family-oriented Italian dinnerhouse chain, which has opened more than 50 units per year for four years straight, and has no plans to stop. Stores now have five managers each. The goal: a 40-hour work week. A Server Sales Incentive Program means raises for servers when they reach specified sales goals.

7 Pizzeria Uno Restaurant & Bar

West Roxbury, MA
Ownership: Uno Restaurant Corp.
(Public—UNO/NYSE)

RANK BY UNITS: 8
1990 U.S. Systemwide Sales: $120,244
1990 U.S. Systemwide Units: 86

This chain of table-service pizza restaurants entered the Lexington, KY, Phoenix, Las Vegas, and Minneapolis markets this year, bringing up the number of company and franchised units nationwide. Two pasta dishes—spaghetti and meatballs and pasta primavera—joined the menu line-up, and take-out customers now have their choice of partially baked, as well as frozen and hot, pizzas to take home.

8 Subway Sandwiches & Salads

Milford, CT
Ownership: Doctor's Associates Inc.
(Privately held)

RANK BY UNITS: 17
1990 U.S. Systemwide Sales: $1,100,000,000
1990 U.S. Systemwide Units: 4,777

All 50 U.S. states have Subway fast-food sandwich shops as of this past year; chain expansion continues. Franchisees will soon be opening stores in the Caribbean, Korea, and Holland as the Pacific Rim and Europe become major market targets. The goal: 8,000 units by 1995, up from 5,006 today, and per-week, per-unit sales of $8,000, up from the current $5,000. A new menu lighter in calories and lower in cost is in test.

continued on page 136

TOP 10 CHAINS

Ranked by average unit volume growth

A.U.V. Growth Rank	Chain	Average Unit Volume ($000) 1990	1989	% A.U.V. Change 1989-90
1	Ark Restaurants	2,280*	1,900*	20.0%
2	Levy Restaurants	2,400**	2,000**	20.0%
3	Shari's Restaurants	1,425*	1,252	13.8%
4	Sonic Drive-Ins	446	395	12.9%
5	Taco Bell	771	686	12.4%
6	Cracker Barrel Old Country Store	2,920	2,612	11.8%
7	Black-Eyed Pea/Dixie House	1,570*	1,415*	11.0%
8	Lettuce Entertain You Enterprises	3,570*	3,225	10.7%
9	Sbarro's	1,422	1,307	8.8%
10	TacoTime	316	293	7.8%

*Technomic estimate; **Company estimate

9 Ruby Tuesday

Mobile, AL
Ownership: Morrison Inc. (Public-MORR/NASDAQ)

RANK BY UNITS: 9
1990 U.S. Systemwide Sales: $226,100,000
1990 U.S. Systemwide Units: 133

Signifying confidence in execs' belief that their concept is still attractive "When You're Ready to Relax," the Ruby Tuesday chain will open another 25 to 32 stores within the year, primarily filling out markets in the DC/Baltimore area, the Northeast, and the South. Sites tend to be in malls, but a freestanding prototype is under development. Slow sellers may soon be replaced by fajitas and a new chicken product.

10 Cracker Barrel Old Country Store

Lebanon, TN
Ownership: Cracker Barrel Old Country Store Inc. (Public—CBRL/NASDAQ)

RANK BY UNITS: 13
1990 U.S. Systemwide Sales: $257,971,000
1990 U.S. Systemwide Units: 97

Cracker Barrel continues to take its country-style family restaurants to interstate highway locations throughout the Southeast at the rate of 20% a year. It opened 18 units over the past year and is gearing up for another 21 by August 1992. All units are owned by the company. Mississippi, Michigan, Missouri, and Wisconsin are all new markets, and Florida is the target of major growth.

11 Mountain Mike's

Sacramento, CA
Ownership: Q&S Management Inc. (Privately held)

RANK BY UNITS: 20
1990 U.S. Systemwide Sales: $46,000,000
1990 U.S. Systemwide Units: 71

Recessionary times for the California economy mean boom times for Mountain Mike's, a chain of franchised, rustic-looking, table-service pizza restaurants scattered throughout small CA mountain towns. Corporate expertise will help franchisees get good rent and other recession-induced deals this year, leading to the opening of 30 units in 1991, versus 10 a year ago. All growth will be in Northern CA and Korea.

12 Levy Restaurants

Chicago, IL
Ownership: The Levy Organization (Privately held)

RANK BY UNITS: 34
1990 U.S. Systemwide Sales: $80,000,000
1990 U.S. Systemwide Units: 33

This multiconcept restaurant company's specialty concessions account for recent growth. A five-year contract won in April for Chicago's McCormick Place convention center is valued at $12 million. The operation will feature local Gold Coast Hot Dogs and a quality branded cappuccino product vended from carts. Chicago's soon-to-be-upgraded Navy Pier and California's Hollywood Park Racetrack are other newcomers.

13 Maid-Rite Sandwich Shops

Des Moines, IA
Ownership: Maid-Rite Sandwich Shops Inc. (Privately held)

RANK BY UNITS: 16
1990 U.S. Systemwide Sales: $48,000,000
1990 U.S. Systemwide Units: 150

Maid-Rite's quest to go national has gained momentum. The company has closed deals with 100 franchisees, many for multi-unit development. As a result, the 65-year-old chain's signature double-ground loose meat sandwich will be showing up in Indiana and other new markets. The chain has upgraded to a higher grade choice beef.

14 O'Charley's

Nashville, TN
Ownership: O'Charley's Inc. (Public-CHUX/NASDAQ)

RANK BY UNITS: 12
1990 U.S. Systemwide Sales: $53,075,000
1990 U.S. Systemwide Units: 31

Looking for an infusion of capital to continue expansion, O'Charley's went public last August. The cash raised will be used to open six casual-themed dinnerhouses this year, with a concentration on the Atlanta and Memphis markets. Menus are being streamlined: poor sellers are coming off, and a few new dishes, such as Calabash Shrimp (marinated in buttermilk and fried) are in test.

continued on page 140

15 Sbarro

Commack, NY
Ownership: Sbarro Inc.
(Public—SBA/AMEX)

RANK BY UNITS: 18
1990 U.S. Systemwide Sales: $250,000,000
1990 U.S. Systemwide Units: 426

Sbarro brought its fast-food Italian concept to Germany this year, and expanded in its relatively recent English market. At home, the chain continues to build richly appointed units in shopping malls and high-traffic urban areas. A Sbarro Pizza Express is in test at an office complex near the chain's headquarters, and the company's first freestanding unit might open this year.

16 Old Country Buffet

Eden Prairie, MN
Ownership: Buffets Inc.
(Public—BOBC/NASDAQ)

RANK BY UNITS: 15
1990 U.S. Systemwide Sales: $145,236,000
1990 U.S. Systemwide Units: 94

A new unit design coupled with aggressive growth has this all-you-can-eat chain racking up the sales. Twenty-six stores now have scatter-systems, vs. two a year ago. With sales 20% higher in such units, the move to scatter-system buffets will continue. The company plans to double its number of units to 200 by year-end 1994, due to a favorable sales-to-investment ratio: $2.4 million in sales for a $700,000 investment.

17 Ark Restaurants Corp.

New York, NY
Ownership: Ark Restaurants Corp.
(Public-RK/AMEX)

RANK BY UNITS: 44
1990 U.S. Systemwide Sales: $47,984,000
1990 U.S. Systemwide Units: 21

This multi-concept restaurant company is up to 24 restaurants in '91, most of them individually themed dinnerhouses in New York City, with units in Boston and Washington, DC. Despite the East Coast's challenging economy, Ark continues to grow, and unit volumes still top $1 million apiece. Ark's most recent addition, the Mackinac Bar & Grill, features an updated "old-fashioned lodge menu."

18 Hooters

Atlanta, GA
Ownership: Hooters of America Inc.
(Privately held)

RANK BY UNITS: 1
1990 U.S. Systemwide Sales: $75,000,000
1990 U.S. Systemwide Units: 50

"Hooter Girls" will be carrying buckets of three dozen steamed oysters to tables across the country soon, as a new management team plans to double the number of Hooter's beach-themed dinnerhouses to 100 by year-end 1992. New president Lou Franson, an Arby's alumnus, and a team of new execs will lead the brigade of company and franchised stores. Hooters now sponsors Winston Cup race car driver Alan Kulwicki.

19 California Pizza Kitchen

Los Angeles, CA
Ownership: California Pizza Kitchen Inc.
(Privately held)

RANK BY UNITS: 11
1990 U.S. Systemwide Sales: $35,000,000
1990 U.S. Systemwide Units: 16

Barbecued chicken pizza and other wacky entrees are heading east as California Pizza Kitchen goes national, adding one company-owned restaurant a month to its base. The chain's menu, which features entrees priced under $10 and generates average annual unit volumes of $3 million in 120-seat black, white, and yellow dining rooms, will soon hit New York City, South Florida, Arizona, and Missouri.

20 Spaghetti Warehouse Inc.

Garland, TX
Ownership: Spaghetti Warehouse Inc.
(Public-SWH/AMEX)

RANK BY UNITS: 27
1990 U.S. Systemwide Sales: $40,000,000
1990 U.S. Systemwide Units: 16

This traditionally conservative Italian dinner-house chain has accelerated expansion. Four new units are under development, the first franchise agreement has been signed and a second is being pursued. The 460-seat restaurants still have limited menus, but manicotti and ravioli are new additions. Industry veteran Lou Neeb has just taken over the presidency from recently retired founder Bob Hawke.

continued on page 146

21 Damon's

Columbus, OH
Ownership: Damon's Inc.

RANK BY UNITS: 22
1990 U.S. Systemwide Sales: $64,700,000
1990 U.S. Systemwide Units: 40

Master subfranchisee Damon's Management Inc. (DMI) of Columbus, OH, was planning to acquire Damon's at press time. The move would put DMI president Gene Simonetti at the helm of this dinner-house chain, which features a menu of ribs, steaks, and onion ring loaves. Half of its units are franchised. Four new units should open in 1991. Most new units will feature Damon's Clubhouse concept, which includes a second dining room with sporting event broadcasts and trivia games.

22 TS Restaurants

Solana Beach, CA
Ownership: TS Enterprises Inc.
(Privately held)

RANK BY UNITS: 50
1990 U.S. Systemwide Sales: 38,450,000
1990 U.S. Systemwide Units: 12

TS Restaurants is the majority holder of 12 restaurants, all different and most generating hefty $1 million-plus volumes in California and Hawaii. One restaurant a year, likely based on the water-side Sharky's Fishmarket concept now at the Westin Kauai resort, will be the growth concept of the '90s. Flagship Kimo's, a seafood and steak restaurant in Maui, generates sales of $5.5 million a year.

23 Little Caesars

Farmington Hills, MI
Ownership: Little Caesar Enterprises Inc.
(Privately held)

RANK BY UNITS: 23
1990 U.S. Systemwide Sales: $1,400,000,000
1990 U.S. Systemwide Units: 3,173

Value has always been Little Caesar's strength, and now Crazy Crust—five flavors of seasoned crust given free with each order—enhances the "Two great pizzas, One low price" theme. Another 500 to 600 pizza shops will increase the base this year. Little Caesars recently agreed to open its Pizza Station concept—a counter-service chain featuring pizza, pasta, and breakfast—in Kmart stores across the country.

24 Chili's Grill & Bar

Dallas, TX
Ownership: Brinker International Inc.
(Public-NYSE/EAT)

RANK BY UNITS: 25
1990 U.S. Systemwide Sales: $440,383,000
1990 U.S. Systemwide Units: 223

Chili's Inc. is now Brinker International, but the Chili's Grill & Bar concept remains the company cornerstone. It hopes to see a seventh consecutive year of same-store sales increases in '91. Growth plans call for 30 to 35 units. New menu items: Chicken Tenders, steamed fresh vegetables, and Yogurt Pie, a low-fat dessert. In '91, moving into New Jersey, Kentucky, and Indiana, Chili's is now in 38 states with 243 units.

25 Soup Exchange

San Diego, CA
Ownership: Soup & Salad Systems
(Privately held)

RANK BY UNITS: 24
1990 U.S. Systemwide Sales: 56,730,000
1990 U.S. Systemwide Units: 34

In 1990, Soup Exchange pulled in the reins on what had been rapid expansion, closing as many units as it opened; five or six new units of the all-you-can-eat soup/salad/bakery concept will open in '91. In May, founders W. Scott King III and John B. Turnbull returned to the helm following the departure of president Donald Boensel. Soup Exchange is considering an agreement for development in Singapore and Hong Kong.

26 L&N Seafood

Mobile, AL
Ownership: Morrison Inc.
(Public-MORR/NASDAQ)

RANK BY UNITS: 6
1990 U.S. Systemwide Sales: 63,800,000
1990 U.S. Systemwide Units: 34

Increased value will be the newest lure at this chain of seafood dinnerhouses, as lower prices and larger portions will be the thrust of the menu rolled out this month. Expansion has slowed, but not much: a jump from 23 to 34 units from last May to this, and another five scheduled by May '92. Middletown, NY, and Florida's West Coast will be new markets.

continued on page 148

27 Taco Bell

Irvine, CA
Ownership: PepsiCo Inc.
(Public—PEP/NYSE)

RANK BY UNITS: 46
1990 U.S. Systemwide Sales: $2,400,000,000
1990 U.S. Systemwide Units: 3,227

The nation's largest fast-food Mexican chain aims to reach 10,000 points of distribution and $30 billion in sales by the year 2001. Those units will include freestanding restaurants as well as nontraditional sites such as carts and kiosks in hospitals, schools, airports, and supermarkets. The chain's value menu was recently expanded to a number of 350-calorie-or-less chicken items; more health-oriented items are in test.

28 In-N-Out Burger

Baldwin Park, CA
Ownership: In-N-Out Burger
(Privately held)

RANK BY UNITS: 29
1990 U.S. Systemwide Sales: $39,300,000
1990 U.S. Systemwide Units: 64

Hand-packed burgers, leaf lettuce, and cooked-to-order fries are among the quality-oriented standards that have enabled this fast-food hamburger chain to grow reliably through Southern California under the Snyder family's ownership since 1965. As usual, the coming year will likely see eight to 12 new company-owned units, none too far from home base.

29 Shari's Restaurants

Portland, OR
Ownership: Shari's Management Corp.
(Privately held)

RANK BY UNITS: 47
1990 U.S. Systemwide Sales: $50,000,000
1990 U.S. Systemwide Units: 45

This 24-hour coffee-shop chain opens approximately 10 units a year, predominantly in Washington and Oregon, with some in outlying areas such as Colorado, Wyoming, and California. Shari's continues to improve its employee incentive package and motivational training programs. Special pins for contest winners and logoed jackets for longevity awards are just two examples.

30 Huddle House

Decatur, GA
Ownership: Huddle House Inc.
(Privately held)

RANK BY UNITS: 31
1990 U.S. Systemwide Sales: $65,000,000
1990 U.S. Systemwide Units: 195

Following a history of operating only in 60-seat freestanding buildings, Huddle House is now looking at sites of all kinds. Conversions, "square" buildings that look inviting from all sides, strip center locations, and 42- and 80-seat units will all become common. Breakfast is still the mainstay at these 24-hour coffee shops, with new marketing emphasis placed on hash browns prepared with ham, onions, cheese, and chili.

31 Au Bon Pain

Boston, MA
Ownership: Au Bon Pain Co. Inc.
(Public—ABPC/NASDAQ)

RANK BY UNITS: 21
1990 U.S. Systemwide Sales: $70,179,000
1990 U.S. Systemwide Units: 86

Au Bon Pain just completed a public offering, and at press time was hoping to raise $8 to $9 per share on the 1.1 million shares sold by the company; another one million shares were held by outside investors. The company went public to raise cash to pay off debt. The quick-service bakery and cafe chain recently began rotating muffin varieties in the stores. The sandwich and baked goods menus will be broadened soon.

32 T.J. Cinnamons Bakery

Kansas City, MO
Ownership: Signature Foods Inc.
(Privately held)

RANK BY UNITS: 32
1990 U.S. Systemwide Sales: $59,000,000
1990 U.S. Systemwide Units: 231

T.J. Cinnamons, the limited-menu chain specializing in cinnamon and pecan rolls, has cleaned house and cut down its number of units. President Bill Teal came on board a year ago and is working to make stores, most of which are franchised, more profitable. The first Paris store will open shortly, and new stores are being built in California, Maryland, and other markets. New York - style bagels are in test.

continued on page 150

33 Red Robin International

Irvine, CA
Ownership: Skylark Company Ltd. of Japan
(Privately held)

RANK BY UNITS: 19
1990 U.S. Systemwide Sales: $146,000,000
1990 U.S. Systemwide Units: 68

Red Robin Burger and Spirits Emporiums, long a popular table-service gourmet burger concept in California, will soon be headed toward the Las Vegas and Detroit markets under the wings of franchisees. New menu items include Red's Hot Peppers, a fried jalapeño and cream cheese appetizer; Grilled Chicken Caesar Salad; and the Red Reuben Burger.

34 Black-Eyed Pea/ Dixie House

Dallas, TX
Ownership: Unigate Restaurants
(Public—LONDON)

RANK BY UNITS: 41
1990 U.S. Systemwide Sales: $124,400,000
1990 U.S. Systemwide Units: 79

Now at 87 units strong, Black-Eyed Pea/Dixie House aims to bring more "Home Cooking Worth Going Out For" to many new markets via company and franchised stores; Orlando, Little Rock, Albuquerque, Wichita, and Sacramento are among target growth markets. With entree prices averaging $5 to $8, this country-cooking concept is testing two pricier entrees: a grilled tuna steak and a New York strip steak.

35 Cinnabon World Famous Cinnamon Rolls

Seattle, WA
Ownership: E.S. Jacobs Co.
(Privately held)

RANK BY UNITS: 30
1990 U.S. Systemwide Sales: $44,000,000
1990 U.S. Systemwide Units: 145

Frequent travelers may become the next groupies of Cinnabon's signature cinnamon rolls, as the company rolls its products into airport locations nationwide. Following a test with Marriott/Host at the Detroit airport, where both snack bar stations and Cinnabon/espresso carts carry the product, the limited-menu chain is looking at similar sites. Elsewhere, Cinnabon continues to open 10 to 15 stores a year.

36 Sonic America's Drive-In

Oklahoma City, OK
Ownership: Sonic Corp.
(Public-SONC/NASDAQ)

RANK BY UNITS: 45
1990 U.S. Systemwide Sales: $454,579,000
1990 U.S. Systemwide Units: 1,043

This chain of '50s-style drive-in hamburger restaurants issued its initial public offering in February, selling 3.2 million shares of common stock at $12.50 per share for the purpose of raising cash to pay off debt. The management remains the same, and owns 26%. New monthly TV ad campaigns feature Frankie Avalon, who touts Sonic's drive-in service and burger-and-fries menu.

37 Hardee's Food Systems Inc.

Rocky Mount, NC
Ownership: Imasco Ltd.
(Public-IMS/TORONTO)

RANK BY UNITS: 14
1990 U.S. Systemwide Sales: $3,360,000,000
1990 U.S. Systemwide Units: 4,022

At press time, the 4,100-unit Hardee's fast-food chain continues to convert 350 Roy Rogers units to its own burger concept, the giant, which expands an average of 8% per year, is adding Roy's fried chicken to its menus. In a move towards light foods is the swap from soft-serve ice cream to frozen yogurt systemwide. The price of children's meals, which include a toy, has been cut to $1.99.

38 Pizza Hut

Wichita, KS
Ownership: PepsiCo Inc.
(Public—PEP/NYSE)

RANK BY UNITS: 39
1990 U.S. Systemwide Sales: $3,800,000,000
1990 U.S. Systemwide Units: 6,688

Currently at 6,700 family-style pizza restaurants strong, Pizza Hut continues to open 300 domestic units a year, plus hundreds more overseas. Expansion of the relatively new kiosk con-cept—mini units located in cafeterias and airports—is aggres-sive, as is growth of delivery/carry-out-only stores. A first-ever network ad campaign for the delivery stores featured the theme, "Change for the Better" and poked fun at Domino's.

continued on page 154

39 The Old Spaghetti Factory

Portland, OR
Ownership: O.S.F. International Inc. (Privately held)

RANK BY UNITS: 35
1990 U.S. Systemwide Sales: $46,000,000
1990 U.S. Systemwide Units: 26

This high-volume, family-oriented Italian chain's expansion plan debuts a new unit every nine months. A new 425-seat Riverside, CA, unit serves 1,000 patrons a day. A new children's menu includes three choices starting at $2.95 and features a cartoon theme. The chain's first TV ads aired this year, insisting, "You Have to Try This Place." A new midscale Mediterranean concept called Cody's will open in the fall.

40 Longhorn Steaks Restaurant & Saloon

Atlanta, GA
Ownership: CRC Ltd. (Privately held)

RANK BY UNITS: 28
1990 U.S. Systemwide Sales: $46,000,000
1990 U.S. Systemwide Units: 24

Billboards with 12-ft. bull horns ripping through them garnered great media attention for Longhorn Steaks this year, as did a radio jingle so popular that it allegedly garners more requests than country stars' hits in some markets. Company stores are being added in Georgia and Hilton Head, SC, franchisees are opening the Texas saloon-style concept throughout the Southeast. Seven more units are scheduled by year-end.

41 Shoney's

Nashville, TN
Ownership: Shoney's Inc. (Public—SHN/NYSE)

RANK BY UNITS: 37
1990 U.S. Systemwide Sales: $991,279,000
1990 U.S. Systemwide Units: 734

If a six-unit test proves encouraging, Shoney's coffee shops may soon be called Shoney's Pie Shoppes, giving the midprice, table-service restaurants a more upscale image. Still opening at the rate of approximately 55 units a year, Shoney's has a new marketing gimmick: Its fleet of commissary trucks are now logoed with huge pictures of breakfast foods and coffee. As of this month, all units will provide Braille menus.

42 Lettuce Entertain You Enterprises Inc.

Chicago, IL
Ownership: Lettuce Entertain You Enterprises Inc. (Privately held)

RANK BY UNITS: 38
1990 U.S. Systemwide Sales: $100,000,000
1990 U.S. Systemwide Units: 28

Two new restaurants and two more in the works bring this multiconcept operator's creations to 20-plus themes, most in the Chicago area. The new Original A-1 Border Beanery, Bail Bonds & 1-Hour Perms perpetuates the company's reputation for wackiness. Also opened late last year was Tucchetti, a family-oriented Italian concept in Phoenix. By year-end, LEYE will open another Italian concept and a Greek restaurant.

43 Bakers Square Restaurant and Pie Shop

Denver, CO
Ownership: VICORP Restaurants Inc. (Public—VRES/NASDAQ)

RANK BY UNITS: 40
1990 U.S. Systemwide Sales: $248,961,000
1990 U.S. Systemwide Units: 170

Slow and steady have been the words at Bakers Square, where 12 upscale coffee shops a year expand the chain. Bakers Square continues to fill out its two existing markets: California and the Midwest. The past year was a quiet one with no new product introductions, but menu and service enhancements will be announced soon.

44 Houston's

Atlanta, GA
Ownership: Houston's Restaurants Inc. (Privately held)

RANK BY UNITS: 26
1990 U.S. Systemwide Sales: $93,000,000
1990 U.S. Systemwide Units: 22

Houston's brings its casual dinner-house concept to promising locations coast to coast at the rate of two company-owned restaurants per year, totaling 22 establishments currently. Los Angeles is the newest city to experience Houston's traditional burger/salad/sandwich menu, which generates annual sales of $5 million per store—with only 190 seats.

continued on page 156

45 Red Onion Restaurants

Carson, CA
Ownership: The International Onion Inc.

RANK BY UNITS: 42
1990 U.S. Systemwide Sales: $57,000,000
1990 U.S. Systemwide Units: 16

The Red Onion is striving for repeat business by making its Mexican restaurant/top-10 nightclub establishments different every night of the week. Restaurants bring in clowns and activity books for kids on Wednesdays, for instance, and target seniors on Mondays. An entire level of middle management was eliminated in February. The first out-of-state unit will open in Las Vegas, and Hawaii and Mexico are target markets.

46 Pietro's Pizza

Lynnwood, WA
Ownership: Pietro's Corp.
(Privately held)

RANK BY UNITS: 49
1990 U.S. Systemwide Sales: $47,800,000
1990 U.S. Systemwide Units: 80

A troubled economy and country at war put a halt on expansion at Pietro's, which maintains a base of 80 counter-service, sit-down pizza restaurants. Forty restaurants each are in Washington and Oregon, all company-owned. Pizza accounts for 80% of sales, with spaghetti, sandwiches, and salads comprising the rest. The past year saw a stepped-up print ad campaign featuring greater discounts than previously offered.

47 D'Angelo Sandwich Shops

West Bridgewater, MA
Ownership: D'Angelo Sandwich Shops Inc.
(Privately held)

RANK BY UNITS: 33
1990 U.S. Systemwide Sales: $67,500,000
1990 U.S. Systemwide Units: 150

At 24 years young, this seven-state submarine/pita sandwich chain is gearing up for a growth spurt. A stepped-up franchise program should help D'Angelo's open 20 quick-service, counter-service units this year, and 50 to 100 more over the next three years. New healthy alternatives include a chicken stir-fry sandwich, and 17 Healthy D'Lites "nutritionally balanced" meals. All stores have Chip's Ice Cream stations.

48 Trans/Pacific Restaurants

Irvine, CA
Ownership: Trans/Pacific Restaurants Inc.
(Privately held)

RANK BY UNITS: 36
1990 U.S. Systemwide Sales: $92,600,000
1990 U.S. Systemwide Units: 52

Slow expansion for Trans/Pacific this year, which will add no more than two restaurants to its base that represents eight concepts. Dinnerhouse Monterey Bay Canners, family restaurant Jolly Roger, coffee shop Yum Yum Tree and other concepts are maintaining respectable sales levels in part by advertising specials on perceived-quality items such as shellfish and prime rib. Trans/Pacific buys in bulk and passes on the savings.

49 TacoTime

Eugene, OR
Ownership: Taco Time International Inc.
(Privately held)

RANK BY UNITS: 43
1990 U.S. Systemwide Sales: $67,000,000
1990 U.S. Systemwide Units: 213

In addition to filling out its existing California, Oregon, and Washington markets, this international fast-food Mexican chain is expanding to Farmington, NM, and the Bronx, NY. Nationally, Taco Time will add freestanding units in the West and is planning to put them in food courts everywhere. Nachos Deluxe has been added to the menu, and a Natural Veggie Burrito is in test.

50 K&W Cafeterias

Winston-Salem, NC
Ownership: K&W Cafeterias Inc.
(Privately held)

RANK BY UNITS: 48
1990 U.S. Systemwide Sales: $62,400,000
1990 Systemwide Units: 24

After nearly a year of virtually no growth, this retail cafeteria chain with units in the Carolinas, Virginia and West Virginia has been thriving through the recession. Two new units have opened already in 1991, and three more are on the drawing board. With check averages of $3.60 and average unit volumes of $2.6 million, K&W is poised to continue feeding 1.8 million people a month, and maybe more.

MARKET SEGMENT REPORT

STEAK

Customers will pay the price for good value.

By Carol Casper

It is difficult to talk about trends in the steak-house segment because the label covers such a wide variety of operations. They range from upscale classic steakhouses that cater to corporate executives and special-occasion diners, to upscale casual steak restaurants that attract mostly couples plus families out for a celebration, to family restaurants that have evolved so far from their original concepts that the term steakhouse hardly applies. Each category faces a different set of opportunities and challenges. One consideration that unites them all, however, is perceived value.

At Morton's of Chicago, for example, where the average price for a steak approaches $24 and even the potato and vegetable are extras, management ensures that customers paying those prices "walk out feeling they got their money's worth."

Director of marketing Mary Jo Newberg points out that a 24-oz. porterhouse at $27.95 is a lot of food for the money, and "a phenomenal value." So many guests leave with "doggie bags," she adds, that Morton's has designed silver foil packages with its logo to encourage the practice and "help customers feel they are taking home something classy."

VALUE. Beef is expensive, especially prime, dry-aged beef, and patrons of upscale establishments that serve it are willing to pay the price as long as the value is there, say operators.

"When customers have the urge for a great steak, they know that it costs us a lot and will be expensive for them, but they really don't care what they pay," says Pano Karatassos, president of The Buckhead Life Restaurant Group, Atlanta, which opened Chops, a very upscale steakhouse, in 1989.

At the other end of the spectrum, the operations labeled "budget steakhouses" or "family steakhouses" have had to take a different track in conveying the perception of value. With beef prices up and consumption down over the last 15 years, they have broadened their

continued on page 160

In addition to steaks, The Butcher Shop offers 32-oz. prime rib, grilled chicken breast, and fresh fish selections.

STEAK

Budget steak-house concepts have greatly broadened their menus.

menus and promoted alternatives including other entrees and all-you-can-eat food bars. Although steaks may make up only a fraction of sales at some of these chains, many still consider themselves part of the steak-house segment. Others say the term no longer fits.

Tom Gregory, president of Los Angeles-based Sizzler, for example, says, "We have not been a steakhouse for many years. We're a casual-dining restaurant chain, featuring a buffet court and grill."

SOME MARKET PERCEPTIONS. Steve Fortlouis, director of marketing for Raleigh, NC-based Golden Corral, on the other hand, comments, "Even though we're not selling that many steaks, we're still perceived as a 'family steakhouse.' To most consumers, that means a place with a decent selection of red meat and a limited selection of chicken and seafood alternatives, plus a very large food bar. It's a sort of amorphous entity that changes, but people still have an idea of what it means."

Health concerns and lifestyle changes have made a major impact on American consumption of beef over the last decade and a half. In 1976, per capita consumption totaled 88.9 lb. annually. In 1989, the average American consumed just 65 lb. No one is predicting a major reversal of this trend, but per capita consumption did rise noticeably last year for the first time since 1975. It advanced to 67.5 lb. in 1990, according to the American Meat Institute (AMI), Arlington, VA. AMI projects another slight gain in 1991, to 68 lb. per person, adds Jens Knutson, director of economic research.

This trend could reflect the fact that many people today tend to eat beef out more frequently than they prepare it at home. With Americans relying increasingly on eat-in and take-out restaurant food, this tendency could be helping to boost consumption.

SPECIAL OCCASION. Simpson Hughes, co-owner of The Butcher Shop, a string of moderately expensive steakhouses based in Memphis, TN, surmises that when people go out, particularly for special occasions, they are less likely to heed health concerns." Since opening the first Butcher Shop in 1981, he says, "Our business has never faltered. We offer alternatives like chicken and fish, but 95% of our sales are still made up of steak or prime rib. We expected to see more of an effect from the adverse publicity on beef, but it hasn't happened."

A number of other upscale operators like Morton's and Ruth's Chris Steak House report, in fact, that business is as good as or better than ever. However, not all upscale steak restaurants are faring as well, judging by statistics from CREST, a service of NPD Research Inc., Park Ridge, IL. CREST figures show that traffic in upscale steak restaurants—those with check averages over $17 at dinner—fell 12% in 1990, following a decrease of 9% in '89.

Traffic at casual upscale or moderate check steakhouses, on the other hand, rose a whopping 18% in 1990, following a modest 2% gain in '89. Family steakhouses have also not fared well in recent years. They regained just 1% in traffic in 1990 after a 5% fall-off the year before, according to CREST.

Many are relying increasingly on special offers to lure customers, statistics also show. Just over one-third of their transactions involved special deals in 1990, compared to a little over one-quarter in '89.

Fortlouis of Golden Corral feels family steakhouses are undergoing a shakeout. "If a customer is dissatisfied today," he notes, "there are plenty of options, so he'll simply go elsewhere. Consumers' loyalty is only as strong as their last meal."

In fact, a number of family steak-

continued on page 164

The Chicago-based Morton's chain has a check average of $45.

MARKET SEGMENT REPORT

STEAK

houses are losing franchised locations and showing stagnant or flagging sales.

SEGMENT GIANT. Metromedia Steakhouses Inc., Dayton, OH, which operates both Ponderosa and Bonanza steak-house chains, for example, reports that 1990 systemwide sales held flat at the previous year's level of $1.3 billion.

Ponderosa added four domestic company-owned units in 1990 and 19 domestic franchised units, for totals of 401 company and 326 domestic franchised stores. It also opened two international units, for a total of 33.

Bonanza lost 90 franchised locations in the last year, shrinking its domestic franchised system to 418 units. It also operates two company-owned and 63 international franchised stores.

Average annual unit sales for domestic Ponderosa units held at $1 million, while Bonanza annual unit sales decreased slightly, to $950,000.

Another family steakhouse that has seen its franchised system shrink is Dallas-based Western Sizzlin Inc. However, management thinks this situation will soon turn around. The chain was acquired in late 1988 by a partnership of Intermark, a $1 billion operating and holding company, and a management group led by Frank Carney and Michael Stack. Intermark holds about 70% of the company's stock, with the remainder held by management. Stack, who had served as president, left the company last October, leaving chairman of the board Carney to assume his duties.

Large numbers of franchisees were already closing or leaving the system at the time of the acquisition, Carney notes. "We expect this to continue until most of the marginal stores are gone, probably for at least the rest of 1991. But we think the situation will turn around soon after. We are aggressively pursuing new franchise sales, and are providing the tools needed for existing franchisees to run successful stores."

Although Western Sizzlin's U.S. system shrank by about 60 units in 1990, average annual unit sales rose 2.6% to $942,000, following an 18% gain the previous year. The company expects to open 20 domestic franchised units this year, Carney adds, and to step up the pace in 1992. The corporation bought back five stores from a franchisee in 1990, providing it with its first company-owned units.

Longhorn Steaks Restaurant & Saloon units are modeled after Texas roadhouses.

Americans consumed 67.5 lb. of beef in 1990, according to the AMI.

Management has scaled back its goal of reaching 1,000 domestic and foreign units by the end of 1995. While domestic expansion is moving more slowly than anticipated, international development is exceeding its expected pace. Stores are under construction in Japan and Saudi Arabia, and additional agreements have been signed for development in Australia and England.

CONCENTRATING ON BASICS. Within existing units, Carney adds, the chain is "concentrating on the basics. "We're working on improving operational efficiency and cleanliness, and remodeling and refurbishing older stores.

One of Western Sizzlin's major drives over the past two years has been to increase lunch business. "In 1988, we had the lowest lunch volume of any family steakhouse chain. We've now moved to number one in that business," Carney says.

Another chain that seems to be doing better with fewer units is Golden Corral. The company's system shrank from 519 in 1989 to 460 at the end of 1990, while average annual unit volume rose from $765,000 to $1 million.

One reason for the improvement is that the chain has closed units in smaller, rural communities to concentrate on larger metro markets. "Our stores in metro areas average 400 seats compared to 140 in rural areas, and do four

continued on page 166

MARKET SEGMENT REPORT

STEAK

times the volume of smaller units," says Fortlouis.

Golden Corral's system is nearly 90% company owned, but last year the firm launched its first major thrust into franchising. Some stores in secondary markets have been sold to franchisees, and the firm expects to pick up the pace soon with new franchised openings.

"With company growth concentrating on larger markets, franchising is a way to make our assets available in smaller, rural markets," Fortlouis says.

Golden Corral's restaurants are spread through 39 states, with the largest concentration in Texas and the Southeast. A little under 40% of sales stems from red meat entrees, while close to 50% of customers order the food bar as their meal.

The chain is moving to more diversification and regionalization in the buffet, serving Tex-Mex items in Texas and traditional Southern favorites in the Southeast. Consumers are looking for more substantial entrees on the food bar, Fortlouis notes.

To improve operations, the company recently reorganized its administrative system, forming six regional divisions each with its own support staff. "Bringing field supervision closer to the restaurants should help the units function better, and also speed the flow of information from the customer through the store to management and back to the store."

Prime, dry-aged beef is still a special-occasion item in restaurants.

After a couple of uncertain years following several of heady growth, Ryan's Steak Houses, Greenville, SC, is once again posting strong figures. Company sales rose 12% in 1990, to $330.5 million, while its unit count grew 8%, to 159. About one-fifth of the restaurants are franchised. This year the chain plans to add 16 company and two franchised stores.

Ryan's was one of the segment's pioneers in offering an elaborate food bar. Its 70-item Mega Bar accounts for 50% of sales. Aside from a few staples, most items are rotated on and off in cycles of from two to six months. Decisions are made monthly with the help of a task force of eight unit managers who participate for six-month periods, according to Ed McCranie, vice president of purchasing.

One problem less successful chains have run into with food bars is how to keep them profitable. "The only way it will work is through volume," McCranie observes. "You can't run a $1 million-a-year unit at our costs and survive. We do twice the volume of other restaurants in our segment," he points out. Ryan's units average over 400 seats and pull in $2.2 million sales annually.

Another way the chain keeps operations profitable is by relying primarily on word of mouth for advertising. "Rather than spend 2%-3% of sales on advertising, we'd rather spend the money on food cost and quality, and depend on customers spreading the word and repeat business. So far that's worked," he comments.

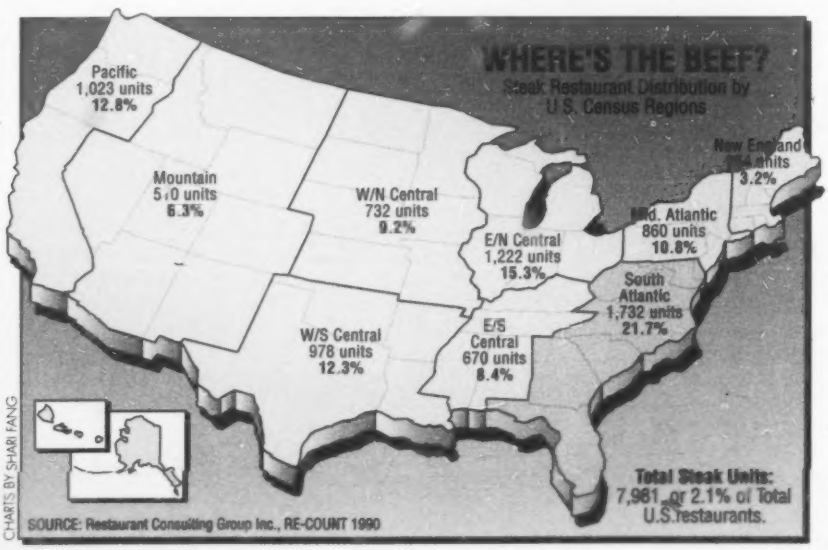
Of entree sales, about 75% are beef although a good selection of poultry and seafood alternatives are available. The company is currently looking at some new items to update its menu board.

One area Ryan's has promoted is lunch, which made up 40% of sales last year. "We developed an Express Lunch for convenience. Patrons can go to the Express line, be seated and eating within a couple of minutes. We also have some lunch combinations featuring an entree with salad and drink for one low price."

Another strong competitor in the segment is Quincy's Family Steakhouse, Spartanburg, SC. It is part of TW Services Inc., the nation's fourth largest foodservice company, owner of Canteen Corp., Denny's Restaurants, and El Pollo Loco, and the largest franchisee of Hardee's restaurants.

Quincy's operates 212 units, all company-owned, concentrated in nine Southeastern states. Systemwide sales reached $281.5 million in 1990, a 6.9%

continued on page 170



CHARTS BY SHARI FANG

MARKET SEGMENT REPORT

STEAK

increase over the previous year. Average annual unit sales rose 6.2%, to $1.32 million.

The company plans to add seven stores in 1991, its first openings in several years. They include one in Ohio, the first outside the Southeast.

Quincy's management notes that the chain has evolved from a limited-table-service steakhouse into a family restaurant featuring chicken, seafood, soup, and salad in addition to steak and potatoes.

Its Country Sideboard buffet, featuring a rotating menu of 120 items, accounts for approximately 40% of sales. After several years of testing, the company rolled out a weekend breakfast bar last year as well. It was available in 138 units by year's end, and will be extended to the rest in '91.

DOWNSIZING. While some competitors are building larger units, WSMP Inc.'s Western Steer is downsizing new sites from its previous 280-seat average to 215 seats. "With the price of land continuing to escalate, this helps get the costs of new properties down to a level where we can afford to continue building," says James C. Richardson Jr., senior vice president of the Claremont, NC-based firm.

New units will also feature an updated design that is lighter and brighter and centers attention on the food bar. The first was set to open in an Orlando, FL, strip center in June. "We're interested in doing more strip center locations this year," Richardson adds.

The company is also converting existing units to the brighter look. Its new red-and-white dominant color scheme fits with a three-year promotional program launched this Spring, centering on NASCAR racing driver Dale Earnhardt and his "Goodwrench" car.

The racing theme will be reflected in servers' uniforms, patterned after racing team uniforms, checkered tablecloths that look like checkered flags, and other racing-oriented decorations.

New menu items that fit the theme have also been added, such as "The Intimidator"—one of Earnhardt's nicknames—which consists of a 16-oz. steak accompanied by two 10-oz. baked potatoes. The restaurants will also feature a souvenir section selling racing T-shirts, caps, and other items.

Sizzler is moving away from a steak image with its buffet.

Extensive salad and food bars are almost mandatory for budget chains.

Richardson adds that the chain is continuing to broaden its concept. "Our name used to be Western Steer Family Steak House, but our prime sign now reads, Western Steer Family Restaurant. People still come for our steaks, and 70% of our menu is made up of beef, but our food bar accounts for close to 40% of sales. Chicken entrees and sandwiches are also growing fast." The chain is also upgrading its seafood line to a hand-breaded product, and recently added a pizza section to its food bars.

Western Steer operated 145 restaurants at the end of 1990, a decrease of about 10 from the previous year due to closings of some marginal units. Over the same period, average unit volumes increased slightly, to approximately $930,000. About one-quarter of the system is company-owned. This year, the firm expects to start growing again with the addition of six company and 12 franchised units.

Sirloin Stockade, Hutchinson, KS, is actively soliciting new operators for its mainly franchised system. The chain opened its 75th unit in May. Just six are company-owned. The firm hopes to open at least six more locations this year. Systemwide sales hit $64 million in 1990, up 12% from '89. Average unit volumes increased to $900,000, even though check averages dipped slightly from $5.59 to $5.50.

The company still maintains a strong steak-house identity, even though its menu has broadened over the last few years, and the trend continues.

continued on page 172

MARKET SEGMENT REPORT

STEAK

New items include a smoked pork chop entree. This summer, the company is also featuring shrimp scampi on a promotional basis, as a separate entree or a combo with steak.

SIGNATURE ITEM. The chain introduced homemade, fresh-baked rolls to most stores last year, which met an enthusiastic response, says director of marketing Derald Lynn.

Like others, Sirloin Stockade is upgrading its SmorgasBar buffet by adding better entrees, and experimenting with different rotations.

The SmorgasBar is the most popular menu item by far, Lynn says, followed by chicken-fried steak at $5.89 and its signature "Sizzling Sirloin," a 6-oz. steak, for $6.49.

Mr. Steak Restaurants, Denver, CO, has gone a different route from most other family steakhouses, eschewing food bars in favor of a full-service concept. "We've tested a buffet in the past, but it doesn't fit our philosophy which is that of a full-service restaurant," says director of marketing A.J. Lee.

However, the chain has revised its menu in the past couple of years to increase the percentage of nonred meat items. "Recently we added more entree salads and chicken items. We already had a fresh fish of the day," he says. Red meat accounts for about 40% of entree sales.

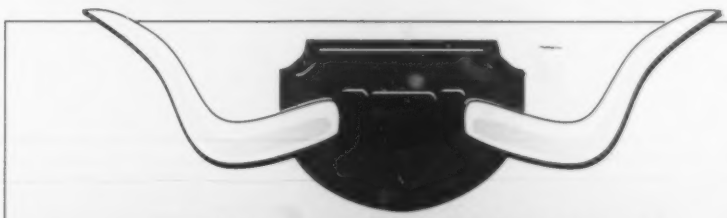
Customers are about evenly split among three groups, Lee adds: seniors, young families, and "empty nesters."

COURTING FAMILIES. "We went through a period when we were very family-oriented, then saw a decline. Now we're actively courting families back," he adds. "We've lowered prices on our children's menu and developed new premiums for kids."

The chain is working its way back from a Chapter 11 bankruptcy filed in late 1987. Difficulties at the time were attributed to undesirable leases and past-due franchise receivables, rather than problems with the concept.

The firm has since closed underperforming units, sold company stores to franchisees, and watched a number of franchisees leave the system. It now operates just one company and 84 franchised locations in 32 states, compared to 165 units in 1987.

"We're now negotiating with our prepetition creditors and hope to file a plan for reorganization this summer," Lee reports. "We were profitable last year for the first time in five years, so things are turning around." Sales for 1990 totaled $51 million. Checks average $4.50 at lunch and $7.60 at dinner.



THE TOP STEAKHOUSE CHAINS

Company Name	1990 Systemwide Sales	No. of Units	Avg. Unit Volume
Metromedia Steakhouses, Dayton, OH Ponderosa Division Bonanza Division	$1.3 billion	 700 483	 $1 million $950,000
Sizzler, Los Angeles	$971 million	690	$1.5 million
Golden Corral, Raleigh, NC	$450 million	480	$1 million
Western Sizzlin', Dallas	$445 million	443	$942,000
Ryan's, Greenville, SC	$331 million	150	$2.2 million
Quincy's, Spartanburg, SC	$282 million	212	$1.3 million

Some steak chains have diversified right out of the segment.

Although Lee says the restaurant is well-positioned to meet the market of the '90s, the company is not seeking to expand Mr. Steak. Instead it is focusing growth plans on a new concept, the Blue Plate Grill, a moderately priced restaurant and soda fountain modeled loosely on the classic diner. The company opened its first in June and plans two more in the next 12 months. "We think it will be a good vehicle for Mr. Steak franchisees who might wish to convert," Lee notes.

POINT OF DIFFERENTIATION. Another chain with steak-house roots that falls outside today's typical family steakhouse mold is Sizzler Restaurants, which bills itself as a casual restaurant featuring grilled steaks, chicken, seafood, salad, and a major buffet court. Beef accounts for 25% to 35% of sales, notes president Gregory.

Sizzler Restaurants and parent Collins Foods recently merged under a new corporate identity, Sizzler International, reflecting the company's primary focus on developing the Sizzler concept worldwide.

It currently operates 636 U.S. and 54 overseas units, including major operations in Australia. The company plans to open 90 units this year, evenly split between domestic and international,

continued on page 174

MARKET SEGMENT REPORT

STEAK

with an emphasis on the Pacific Rim.

Systemwide sales for fiscal '91, ended April 30, totaled $971 million.

Like many of the family steakhouses, Sizzler says a growing number of customers—50% or more—are skipping entrees and choosing the buffet as their main meal. Sizzler pitches its operations for a somewhat more upscale image than most family steakhouses, and its check average at $7.50 runs about two dollars higher.

Casual upscale steak operations have fared significantly better than most family steakhouses in recent years. And rather than concentrating on diversification, most have kept their emphasis more squarely on beef.

Other segment chains are refocusing on steak and beef.

Stuart Anderson's Black Angus and Cattle Company Restaurants, owned by American Restaurant Group, Newport Beach, CA, for example, offers alternatives like chicken, fresh fish, and seafood, but still serves predominantly prime rib and steak, says vice president of marketing Julia Stewart.

It recently expanded its menu with two new Sampler Platters: a Cajun Sampler, featuring Cajun spiced top sirloin and boneless chicken breast with fried shrimp and a hot dipping sauce; and a BBQ Platter combining a sirloin steak, barbecue boneless chicken breast, and one-third rack of baby back ribs. Both are priced at $13.95. Other combinations pair shrimp, lobster, Alaskan crab, or grilled chicken with steak or prime rib for prices ranging from $11.50 to $21.50. All entrees are accompanied by fresh-baked bread and homemade soup or unlimited salad.

The company added one location last year for a total of 85, and plans several openings in '91. Its restaurants span 11 states including some in the Midwest, with the heaviest concentration on the West Coast.

Stewart characterizes the ambience as "warm and friendly," with a contemporary Western flavor. The restaurants attract some families but many more couples, she adds, and seating includes a large number of private booths.

Stewart notes the importance in the '90s of achieving the right balance of casualness without straying too far down in terms of ambience and service.

Stuart Anderson's Black Angus and Cattle Company has a total of 85 units.

Another balancing act steak chains must perform, she says, is expanding the menu to give customers the variety they demand, without losing their identity. "We fill a niche and a need," she points out.

EMPHASIS ON BEEF. Another growing chain that puts its emphasis squarely on beef is Longhorn Steaks Restaurant & Saloon, operated by Contemporary Restaurant Concepts Ltd., Atlanta.

Longhorn offers casual, full-service dining in an atmosphere modeled after a traditional Texas roadhouse. Its specialty is freshly cut, griddle-cooked, USDA Choice steaks priced from $11 to $17. The only alternative to beef on the dinner menu is fresh Pacific Northwest salmon, although chicken is available on request. The lunch menu features other choices including a variety of burgers, grilled chicken sandwich, chicken kabobs, chili, and salads.

Checks average $6-$9 at lunch and $16-$22 for dinner. About 90% to 95% of sales are in red meat, notes vice president of operations Bill Norman. The chain buys Midwestern corn-fed beef on the hoof and delivers it to the restaurants through its own wholesale distribution firm. It was formed three years ago, Norman notes, to keep quality up to spec, and prices down.

Company founder and president George McKerrow Jr., and Norman are both restaurant industry veterans who served with Victoria Station—a defunct chain noted for its prime rib. McKerrow opened the first Longhorn Steaks in Atlanta 10 years ago, and has added 11 more to the city since.

Now the company is focusing on out-of-state expansion. It already has 12 locations in Florida, North and South Carolina, Alabama, and Tennessee, including company and franchised units. More franchised openings and a

continued on page 178

MARKET SEGMENT REPORT

STEAK

move northward are planned for '91 and beyond. Contemporary Restaurant Concepts operates three Skeeter's Mesquite Grilles in addition.

The Butcher Shop, based in Memphis, also purveys fresh choice beef in a moderately casual setting. Founder Dennis Day's original concept when the first unit debuted in 1981 was to let customers select their steak from a butcher-style display case and cook it themselves on a large, central grill. For a $2 charge they could opt for the house chef to prepare it. Today about 75% of the customers let the chef cook their meal, notes Hughes, but he says "The 'cook your own' feature is an attention-getter and sets us apart."

In addition to steaks, the menu includes a 32-oz. bone-in prime rib, grilled chicken breast, and one or more fresh fish items each day. Only the Memphis unit sticks to the original formula of just steak, salad, baked potato, and bread. Elsewhere, the company is also starting to experiment with new vegetable side dishes and expanded dessert selections.

Like many upscale steakhouses, the emphasis is on very large portions, like its 20-oz. ribeye and 24-oz. top sirloin. However, for a little higher price per person, two people can share any beef entree and receive their own side dishes. The sirloin, for example, costs $14 for one or $10 per person if shared.

Casual steak-house concepts have fared better than family steakhouses.

Annual volumes at the Butcher Shop, which seat from 250 to 335, range from $1 million to $3.5 million. In addition to Memphis, locations include Chicago, Dallas, Little Rock, AR, Knoxville, TN, and Orlando, FL. The company is looking for new sites and expects to open one to two more in '92, Hughes adds.

Between the casual steakhouses and most expensive is Chart House, Inc., Solana Beach, CA. It operates 65 dinnerhouses in 19 states, with the highest concentration on the West Coast, and specializes in dramatic locations overlooking the water.

The company seems to have been harder hit by the recession than some other chains. Despite opening six new units in the last year, system sales stayed almost flat at $141 million.

Except for fresh fish selections, the menus at each location are virtually identical, centering on steak, seafood, and prime rib. Checks average $27.

Traffic is also down for many of the poshest independent steakhouses. Yet some very upscale chains report business has remained strong, except for a slow January and February when the combination of war and recession had an impact.

Newberg of Morton's says that although the company does not release sales figures, most units are showing increases and business is "fabulous."

Morton's has stepped up expansion since its acquisition in May '89 by New York-based Quantum Restaurant Group. It opened in Cleveland and Tyson's Corner, VA, in 1990 and Columbus, OH, in April '91, for a total of 13 units. At least two more are expected this year, in Cincinnati and San Antonio. "The general plan is to open four to five restaurants a year," Newberg says.

Checks average $45 not including tip. "We're definitely a special-occasion restaurant," says Newberg.

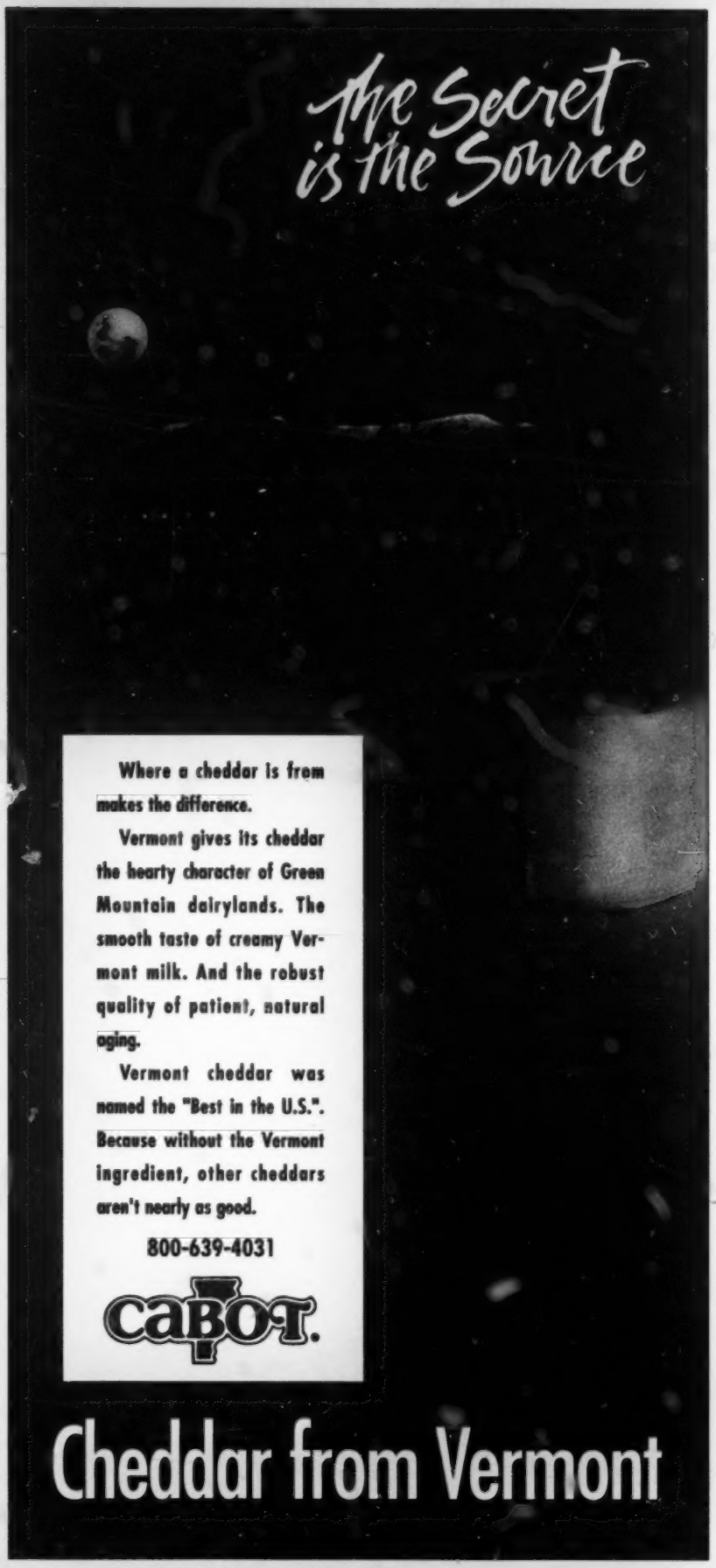
Its prime aged steaks, chops, and prime rib account for 75% of sales. Alternatives include whole baked Maine lobster, shrimp Alexander, lemon oregano chicken, and daily fish specials.

TABLESIDE PRESENTATION. The chain is distinguished by its presentation style, in which waiters wheel a menu cart tableside to show customers the various cuts of meats and other selections.

The company purchases all its prime, dry-aged beef centrally from Chicago and subjects all staff members to rigorous training to insure the highest level

continued on page 180

Quincy's Country Sideboard buffet has a rotating menu of 120 items.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MARKET SEGMENT REPORT

STEAK

of consistency among its units.

A new feature it has begun including in recently opened units is "The Boardroom," a private dining room available for corporate entertaining and other special functions.

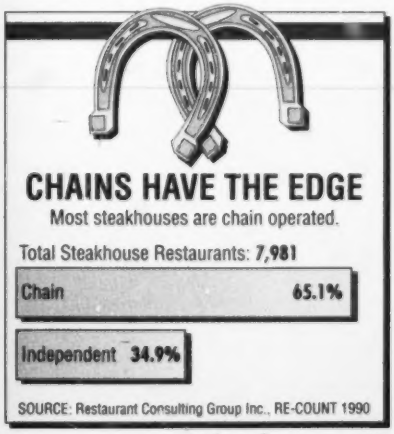
Although expanding at a slower rate, Ruth's Chris Steak House, based in New Orleans, is also doing well, according to Ruth Fertel, president and founder. The memorably named chain currently operates 13 company-owned and 16 franchised units in high-profile markets across the country.

"We'll probably add one company unit next year, and may see some franchised openings, but we're not soliciting new franchisees. We're trying to keep the organization small and let growth come from our present owners," Fertel says.

Ruth's Chris Steak House averages over $2 million annual volume. Companywide sales in 1990 were $60.7 million and are projected to surpass $65 million in '91. Checks average $35 to $38, with beef making up 85% of sales. The simple, straightforward menu also includes veal, lamb, Maine lobster, and one or two fresh fish selections.

"Our typical customer is aged 35 to 55, an executive type, well traveled, with an income of $40,000 and up," says Fertel. "A very large percentage are repeat customers.

"Despite all this talk of 'We don't eat


CHAINS HAVE THE EDGE
Most steakhouses are chain operated.
Total Steakhouse Restaurants: 7,981
Chain 65.1%
Independent 34.9%
SOURCE: Restaurant Consulting Group Inc., RE-COUNT 1990

continued on page 182

beef any more,' we certainly haven't seen it in our restaurants," she adds.

STEAKHOUSE OF THE '90S. At Chops in Atlanta, Karatassos says he is committed to creating a "steakhouse of the '90s." His concept is characterized by an emphasis on "real cooking," attentive tableside preparation, and a broader range of choices than most steakhouses offer, with a special emphasis on abundant, top quality seafood.

Instead of the one or two fresh fish most steakhouses offer, Chops features more than half a dozen daily. Seafood makes up almost 30% of sales, Karatassos notes.

Attention to detail in service and preparation are his other passions.

"If a customer orders oysters on the half shell, for example, they're not pre-opened, but opened just when the customer wants them. If he orders smoked salmon, it's sliced fresh at the table, not pre-sliced and placed on a plate to dry out. We grind the meat fresh to order for steak tartare, and prepare it at the table.

"We have our own dry aging facility right on the premises," he adds. "We dry age our short loins and cut all our filets, strips, and tenderloins."

Even the desserts are all made on-premise.

Checks average $45 for dinner and $16 at lunch, when customers can choose dinner steaks or smaller cuts and lighter fare like sandwiches and salads.

Karatassos contrasts Chops with some steak-house institutions that have kept their same menu intact for decades. "You can't operate that way today. The steakhouse of the '90s has to become interesting, exciting, and open to change," he maintains. "At the same time, you must not lose sight of your identity and become just another restaurant."

There is still a ready market for restaurants that showcase top quality prime steak, he points out, but at the same time, Karatassos says, "It's important to keep it interesting, and focus attention on the extras." **RB**

roundup

Heated Display Cabinet

Talk about a show-off! This display case has it all and it shows!—Holding cooked foods for hours in the correct "climate", heated and humidified. Food items are highlighted in the front illuminated Menu-Board and the warm glow inside the cabinet presents the food in the best possible "light", creating both customer excitement and operator profits.

Popcorn Popper

The Corn Popper features an 8 oz. popping kettle but only requires 20 inches of counter space. Production is 160 quarts of popped corn per hours. The built-in fan carries the aroma througout your service counter, attracting impulse customers anxious to buy popcorn and other snacks.

Nacho Package

The Nacho Cabinet features a chip chute to control chip breakage and needs only 125 watts to maintain chips at just the right temperature. The Cheese Dispensers have an adjustable pump to always release the right amount of cheese. For the crowning touch to your Nacho Platter, don't forget the Pepper Dispenser.

Hot Dog Package

The hot dogs are placed in a "corral" that moves up and down over a heated, flat surface. The temperature control allows the operator to maintain a hot dog for up to six hours. The corral lifts off the unit for easy cleaning. Gently warm the hot dog buns to an appetizing softness in a separate drawer.

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